

AMENDED IN ASSEMBLY MARCH 17, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 1527**

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**Introduced by Assembly Member Perea**

January 17, 2014

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An act to ~~amend Section 116326 of the Health and Safety Code, and to amend Section 75125 of the Public Resources Code, add Article 13 (commencing with Section 116756) to Chapter 4 of Part 12 of the Health and Safety Code,~~ relating to drinking water ~~quality~~.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1527, as amended, Perea. Public water systems: drinking water.

Existing law, known as the California Safe Drinking Water Act, requires the State Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, ~~administer~~ programs to fund improvements and expansion of small community water systems using specified priorities. Existing law requires the department to encourage the consolidation of small community water systems that serve disadvantaged communities in instances where consolidation will help the affected agencies and the state to meet specified goals.

*This bill would authorize an assuming water system, as defined, to voluntarily consolidate with another water system. This bill would define "assuming water system" as a water system that will obtain legal ownership of another water system or systems, and that has a permit to operate from the department, and would define "subsumed water system" as the water system that will transfer legal ownership to the assuming water system. This bill would require the assuming water system to file a voluntary consolidation plan with the department that*

*includes, but is not limited to, a list of current deficiencies in the subsumed water system, proposed remedies to those deficiencies, and a timeline for correcting the subsumed water system. This bill would require the department to approve the voluntary consolidation plan within 60 days, and if the department does not disapprove of the plan within those 60 days the plan will be deemed approved. This bill would also provide that an assuming water system that begins voluntary consolidation pursuant to an approved plan, is not liable for any good faith, reasonable effort to assume possession of, and to operate, the subsumed water system in compliance with the plan and other statutes and regulations. This bill would also require the department to adopt regulations relating to the required content of a voluntary consolidation plan and the process for approval.*

~~Existing law allows funding of studies regarding the feasibility of consolidating 2 or more community water systems, at least one of which is a small community water system that serves a disadvantaged community and requires the department to give funding priority to construction projects that involve the physical restricting of 2 or more community water systems, as specified, when it is shown that the consolidation would further specified goals.~~

~~This bill would require the department, in administering programs to fund improvements and expansions of small community water systems, and other water systems, as specified, to promote service delivery alternatives that improve efficiency and affordability of infrastructure and service delivery, as specified.~~

~~This bill also would make technical, conforming changes regarding a reporting duty of the Strategic Growth Council.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Article 13 (commencing with Section 116756) is*  
2     *added to Chapter 4 of Part 12 of Division 104 of the Health and*  
3     *Safety Code, to read:*

4  
5                     *Article 13. Voluntary Consolidation*

6  
7     116756. *For purposes of this article the following definitions*  
8     *apply:*

1 (a) “Assuming water system” means a public water system that  
2 obtains legal ownership of another public water system or systems  
3 pursuant to Section 116757 and has a permit to operate pursuant  
4 to Section 116525.

5 (b) “Subsumed water system” means a public water system that  
6 transfers legal ownership to an assuming water system.

7 116757. An assuming water system may voluntarily consolidate  
8 with another water system. The assuming water system shall file  
9 a written plan for voluntary consolidation with the department  
10 that includes, but is not limited to, a list of the current deficiencies  
11 in the subsumed water system, planned remedies to fix the current  
12 deficiencies, and a timeline for correction of the subsumed water  
13 system. The department shall have 60 days to approve the voluntary  
14 consolidation plan. If the department does not disapprove the  
15 voluntary consolidation plan within 60 days, the plan shall be  
16 deemed approved. If an assuming water system begins voluntary  
17 consolidation pursuant to an approved voluntary consolidation  
18 plan, the assuming water system shall not be liable for any good  
19 faith, reasonable effort to assume possession of and operate the  
20 subsumed water system in compliance with the plan, this chapter  
21 and other applicable laws and regulations.

22 116758. The department shall adopt regulations relating to  
23 the required content of a voluntary consolidation plan and the  
24 process for approval.

25 ~~SECTION 1. It is the intent of the Legislature to encourage~~  
26 ~~local area formation commissions to focus on the consolidation,~~  
27 ~~merger, or extension of public water systems, especially those~~  
28 ~~located in disadvantaged communities, by seeking financial~~  
29 ~~assistance in order to perform the necessary service reviews and~~  
30 ~~other appropriate studies.~~

31 ~~SEC. 2. Section 116326 of the Health and Safety Code is~~  
32 ~~amended to read:~~

33 ~~116326. (a) In administering programs to fund improvements~~  
34 ~~and expansions of small community water systems and, pursuant~~  
35 ~~to subdivision (b), other water systems, the department shall do~~  
36 ~~all of the following:~~

37 ~~(1) Give priority to funding projects in disadvantaged~~  
38 ~~communities.~~

39 ~~(2) Promote service delivery alternatives that improve efficiency~~  
40 ~~and afford ability of infrastructure and service delivery, including,~~

1 but not limited to, the consolidation of governmental agencies,  
2 consolidation of water systems, and the extension of services, in  
3 and to disadvantaged communities, where service delivery options  
4 will help affected agencies, communities, and the state to meet all  
5 of the following goals:

6 (A) Improvement in the quality of water delivered.

7 (B) Improvement in the reliability of water delivery.

8 (C) Reduction in the cost of drinking water for ratepayers.

9 (3) Pursuant to paragraph (2) of subdivision (a), require that  
10 funding for feasibility studies performed prior to a construction  
11 project include studies of service delivery alternatives that improve  
12 efficiency and affordability of capital improvements and service  
13 delivery, if at least one of the potentially affected agencies serves,  
14 or would serve by way of an extraterritorial service extension, a  
15 disadvantaged community, unless the department makes a written  
16 determination that service delivery alternatives are not feasible  
17 under the circumstances. In making this determination, the  
18 department shall do all of the following:

19 (A) Review and consider the determinations and  
20 recommendations made by the affected local agency formation  
21 commission within the previous five calendar years in any of the  
22 following:

23 (i) A special study conducted pursuant to Section 56378 of the  
24 Government Code.

25 (ii) A sphere of influence study conducted pursuant to Section  
26 56425 of the Government Code.

27 (iii) A service review conducted pursuant to Section 56430 of  
28 the Government Code.

29 (B) Consult with the executive officer of the affected local  
30 agency formation commission to determine whether any  
31 circumstances have changed since the studies and review conducted  
32 pursuant to subparagraph (A) were completed or if there is any  
33 additional information that would assist the department in its  
34 determination.

35 (C) Review and consider the conclusions and recommendations  
36 of other local and regional studies designed to develop and identify  
37 regional solutions for drinking water delivery.

38 (4) If it is shown that an alternative service delivery option will  
39 further the goals of paragraph (2) of subdivision (a), fund  
40 construction projects that include the alternative service delivery

1 option, unless the department makes a written determination that  
2 the alternative service delivery option is not feasible under the  
3 circumstances.

4 (b) If an applicant submits an application that includes a service  
5 delivery alternative that furthers the goals specified in paragraph  
6 (2) of subdivision (a), the applicant need not be a small community  
7 water system and the department may increase priority of the  
8 application.

9 SEC. 3. Section 75125 of the Public Resources Code is  
10 amended to read:

11 75125. The council shall do all of the following:

12 (a) Identify and review activities and funding programs of  
13 member state agencies that may be coordinated to improve air and  
14 water quality, improve natural resource protection, increase the  
15 availability of affordable housing, improve transportation, meet  
16 the goals of the California Global Warming Solutions Act of 2006  
17 (Division 25.5 (commencing with Section 38500) of the Health  
18 and Safety Code), encourage sustainable land use planning, and  
19 revitalize urban and community centers in a sustainable manner.  
20 At a minimum, the council shall review and comment on the  
21 five-year infrastructure plan developed pursuant to Article 2  
22 (commencing with Section 13100) of Chapter 2 of Part 3 of  
23 Division 3 of the Government Code and the State Environmental  
24 Goals and Policy Report developed pursuant to Section 65041 of  
25 the Government Code.

26 (b) Recommend policies and investment strategies and priorities  
27 to the Governor, the Legislature, and to appropriate state agencies  
28 to encourage the development of sustainable communities, such  
29 as those communities that promote equity, strengthen the economy,  
30 protect the environment, and promote public health and safety,  
31 consistent with subdivisions (a) and (c) of Section 75065.

32 (c) Provide, fund, and distribute data and information to local  
33 governments and regional agencies that will assist in developing  
34 and planning sustainable communities.

35 (d) Manage and award grants and loans to support the planning  
36 and development of sustainable communities, pursuant to Sections  
37 75127, 75128, and 75129. To implement this subdivision, the  
38 council may do all of the following:

39 (1) Develop guidelines for awarding financial assistance,  
40 including criteria for eligibility and additional consideration.

~~(2) Develop criteria for determining the amount of financial assistance to be awarded. The council shall award a revolving loan to an applicant for a planning project, unless the council determines that the applicant lacks the fiscal capacity to carry out the project without a grant. The council may establish criteria that would allow the applicant to illustrate an ongoing commitment of financial resources to ensure the completion of the proposed plan or project.~~

~~(3) Provide for payments of interest on loans made pursuant to this article. The rate of interest shall not exceed the rate earned by the Pooled Money Investment Board.~~

~~(4) Provide for the time period for repaying a loan made pursuant to this article.~~

~~(5) Provide for the recovery of funds from an applicant that fails to complete the project for which financial assistance was awarded. The council shall direct the Controller to recover funds by any available means.~~

~~(6) Provide technical assistance for application preparation.~~

~~(7) Designate a state agency or department to administer technical and financial assistance programs for the disbursing of grants and loans to support the planning and development of sustainable communities, pursuant to Sections 75127, 75128, and 75129.~~

~~(e) (1) No later than July 1, of each year, provide a report to the Legislature that shall include, but is not limited to, all of the following:~~

~~(A) A list of applicants for financial assistance.~~

~~(B) Identification of which applications were approved.~~

~~(C) The amounts awarded for each approved application.~~

~~(D) The remaining balance of available funds.~~

~~(E) A report on the proposed or ongoing management of each funded project.~~

~~(F) Any additional minimum requirements and priorities for a project or plan proposed in a grant or loan application developed and adopted by the council pursuant to subdivision (e) of Section 75126.~~

~~(2) A report submitted pursuant to paragraph (1) shall be submitted in accordance with Section 9795 of the Government Code.~~

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